

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-111-C

In Re:

Application of Navacore, LLC for a)
Certificate of Public Convenience)
And Necessity to Provide Resold and)
Facilities-Based Interexchange and)
Local Exchange Telecommunications)
Services, for Flexible Rate Structure)
For Local Exchange Service Offerings)
And for Alternative Regulation)

STIPULATION

This Settlement Agreement (“Settlement Agreement”) is made by and among the Office of Regulatory Staff (“ORS”) and Navacore, LLC (“Navacore” or “the Company”), (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on April 13, 2006, Navacore filed its Application requesting a Certificate of Public Convenience and Necessity to provide resold and facilities-based interexchange and local exchange telecommunications services to residential and business customers, for flexible regulation of its local exchange service offerings consistent with the procedures established in Order No. 98-165 in Docket No. 97-467-C, and for alternative regulation of its interexchange services consistent with the procedures approved by Order Nos. 95-1734 and 96-55 in Docket No. 95-661 and as modified by Order No. 2001-997 in Docket No. 2000-407-C. Navacore also proposes to offer resold and facilities-based interexchange and local exchange services, including operator services, to residential and business customers in the state of South Carolina. The

Company also plans to commence offering services immediately upon the execution of the appropriate and necessary interconnection agreements with the appropriate Incumbent Local Exchange Carriers ("ILECs"). Local exchange services will be provided in the geographic areas served by BellSouth and other ILECs. Interexchange service will be offered on a statewide basis.

WHEREAS, on April 21, 2006, the Public Service Commission of South Carolina (the "Commission") issued a Notice of Filing and Hearing and set return dates for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on June 26, 2006;

WHEREAS, on April 26, 2006, the South Carolina Telephone Coalition ("SCTC") filed a Petition to Intervene in this matter;

WHEREAS, on April 28, 2006, the Public Service Commission of South Carolina (the Commission") issued an Order appointing Mr. David Butler as the Hearing Examiner in this matter;

WHEREAS, on June 13, 2006, the SCTC filed a stipulation between the SCTC and Navacore;

WHEREAS, on June 1, 2006, Navacore pre-filed testimony of William Hubbard, resident and CEO of Applicant;

WHEREAS, the Public Service Commission of South Carolina (the "Commission") scheduled this matter to be heard before Hearing Examiner David Butler on June 26, 2006 at 11:30 am;

WHEREAS, the purpose of this proceeding is to review the application filed by Navacore and its request for a Certificate of Public Convenience and Necessity to provide

resold and facilities-based interexchange and local exchange telecommunications services to residential and business customers, for flexible regulation of its local exchange service offerings consistent with the procedures approved in Order No. 98-165 in Docket No. 97-467-C, and for alternative regulation approved by Order Nos. 95-1734 and 96-55 in Docket No. 95-661 and as modified by Order No. 2001-997 in Docket No. 2000-407-C.

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Company and its parent, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by Navacore and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by Navacore;

WHEREAS, as a result of its investigations, ORS has determined a) Navacore intends to offer resold and facilities-based interexchange and local exchange services, including operator services, to presubscribed residential and business customers throughout the geographic service territory of Bell South and other ILECS; b) the Company does not intend to offer prepaid calling cards; c) the officers of Navacore possess sufficient technical and managerial abilities to adequately provide the services applied for; d) based upon the information provided and the analysis performed, Navacore appears to have access to sufficient financial resources necessary to provide the services proposed in its application; e) the services provided by Navacore will meet the service standards required by the Commission; f) the provision of services by the

Company will not adversely impact the availability of affordable telecommunications services; g) to the extent it is required to do so by the Commission, Navacore will participate in the support of universally available telephone service at affordable rates; and h) the provision of local and interexchange services by Navacore will not adversely impact the public interest; i) Navacore has initiated negotiations or will initiate negotiations with BellSouth and other incumbent local exchange carriers for interconnection agreements applicable to services to be provided in South Carolina; and j) Navacore will bill customers directly for its services.

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that Navacore's Application and exhibits to the Application are incorporated into this Stipulation and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Stipulation. The Parties also agree to stipulate to the pre-filed testimony and exhibit of Navacore Witness William Hubbard without cross-examination by ORS;
- 3) Navacore agrees to provide, and has already submitted, financial data which was provided as exhibit C to its Application and which is incorporated by reference;

- 4) Navacore agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, Navacore agrees to adhere to the Federal Communication Commission rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, Navacore shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;
- 5) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," also known as 911 services." At that time, the Company agrees to contact the appropriate authorities regarding 911 services in the counties and cities where the Company will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 1 to this Stipulation is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;
- 6) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide facilities based local

exchange service, resold long distance service and access service within the state of South Carolina;

- 7) ORS does not oppose the Company's request for waiver of (a) 26 S.C. Code Ann. Regs. 103-62.2.3 (operating area maps), (b) 26 S.C. Code Ann. Regs. 103-631 (publication of directories), and (c) any Commission policies or rules requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA").
- 8) ORS does not oppose the Company's request that its local telecommunications services be regulated in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467 or that its long distance service offerings be regulated in accordance with the principles and procedures established for alternative regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C;
- 9) Navacore agrees to resell the services of only those interexchange carriers authorized to do business in South Carolina by the Commission;
- 10) Navacore agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;
- 11) Navacore agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

- 12) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;
- 13) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B) (added by Act 175).
S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

- 14) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

- 15) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.
- 16) This Settlement Agreement shall be interpreted according to South Carolina law.
- 17) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

(SIGNATURE PAGES FOLLOW)

WE AGREE:

Representing the Office of Regulatory Staff

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June 21, 2006
Date

WE AGREE:

Representing Navacore, LLC

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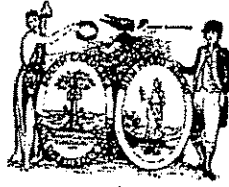
6/21/06
Date

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
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COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911-ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

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Exhibit 1

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-111-C

IN RE:

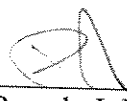
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Local Exchange Telecommunications Services, for)
Flexible Rate Structure for Local Exchange Service)
Offerings and for Alternative Regulation)

**CERTIFICATE OF
SERVICE**

This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **STIPULATION** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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Pamela J. McMullan

June 21, 2006
Columbia, South Carolina